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**OUACHITA ECONOMIC
DEVELOPMENT CORPORATION
AND AFFILIATE**

**CONSOLIDATED FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2005**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/26/06

OUACHITA ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATE

CONSOLIDATED FINANCIAL REPORT
DECEMBER 31, 2005

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MARTIN, HARRISON & SMALLWOOD, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

June 26, 2006

The Board of Directors
Ouachita Economic Development Corporation
Monroe, Louisiana

We have audited the accompanying consolidated statement of financial position of Ouachita Economic Development Corporation (a Nonprofit Corporation) and affiliate as of December 31, 2005, and the related consolidated statement of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; Government Auditing Standards, issued by the Comptroller General of the United States; and the Louisiana Government Audit Guide, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ouachita Economic Development Corporation and affiliate as of December 31, 2005, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 26, 2006, on our consideration of Ouachita Economic Development Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Board of Directors
Ouachita Economic Development Corporation
June 26, 2006
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Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements referred to above taken as a whole. The accompanying financial information listed as Other Supplementary Information in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements of the Corporation. This information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic consolidated financial statements taken as a whole.

Martin, Harrison & Smallwood, LLP

OUACHITA ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATE
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 DECEMBER 31, 2005

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	452,669
Investments		48,757
Accounts Receivable		219,767
Accrued Interest Receivable		576
Prepaid Expenses		23,632
Total Current Assets		745,401

Temporarily Restricted Assets:

Funding for Next Fiscal Year:

Unconditional Promise to Give		166,667
Total Temporarily Restricted Assets		166,667

Fixed Assets:

Office Furniture, Equipment, and Automobile		122,086
Less: Accumulated Depreciation		88,175
Assets Held for Future Sale		3,250,000
Net Fixed Assets		3,283,911

TOTAL ASSETS **\$ 4,195,979**

LIABILITIES AND NET ASSETS

LIABILITIES

Current Liabilities:

Accounts payable	\$	17,255
Accrued liabilities		10,024
Notes Payable - Current		4,885
Total Current Liabilities		32,164

Long-Term Liabilities:

Notes Payable - Long Term		7,372
Total Long-Term Liabilities		7,372

TOTAL LIABILITIES **39,536**

NET ASSETS

Unrestricted		3,989,776
Temporarily Restricted		166,667
Total Net Assets		4,156,443

TOTAL LIABILITIES AND NET ASSETS **\$ 4,195,979**

The accompanying notes are an integral part of these financial statements.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATE
 CONSOLIDATED STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2005

UNRESTRICTED NET ASSETS	
State Farm Insurance Company	\$ 3,450,000
City of Monroe	33,333
Ouachita Parish Police Jury	75,000
State of Louisiana	77,198
Monroe/West Monroe Convention & Visitors Bureau	8,000
Private Funding	99,815
Rivertown Revenue	14,535
Renewal Community, Private & Other	3,150
Rent - American Red Cross	308,000
Interest Income	936
Damages Received from American Red Cross	225,000
Other Income	4,688
	<u>4,299,655</u>
Total Unrestricted Support and Revenue	
	<u>4,299,655</u>
NET ASSETS RELEASED FROM RESTRICTIONS	
Ouachita Parish Police Jury Funding/City of Monroe	91,667
	<u>91,667</u>
Total Reclassifications	
	<u>91,667</u>
Total Unrestricted Support, Revenue, and Reclassifications	
	<u>4,391,322</u>
EXPENSES	
Personnel Costs	341,519
Marketing and Communication	28,220
Research	720
Professional Development	95
Strategic Planning	275
Total Operating Expenses	<u>370,829</u>
Administrative Expenses	<u>225,758</u>
Total Expenses	<u>596,587</u>
Increase in Unrestricted Net Assets	3,794,735
TEMPORARILY RESTRICTED NET ASSETS	
Ouachita Parish Police Jury Funding	150,000
City of Monroe Funding	16,667
Net Assets Released From Restrictions	
Ouachita Parish Police Jury Funding	<u>(91,667)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>75,000</u>
INCREASE (DECREASE) IN NET ASSETS	3,869,735
NET ASSETS - BEGINNING OF YEAR	<u>286,708</u>
NET ASSETS - END OF YEAR	<u>\$ 4,156,443</u>

The accompanying notes are an integral part of these financial statements.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATE
 CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (Decrease) in Net Assets	\$ 3,869,735
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities:	
Depreciation	10,143
Changes in Assets and Liabilities:	
Unconditional Promises to Give	(75,000)
Accrued Interest Receivable	(309)
Prepays and Other	(18,829)
Accounts Receivable	(219,767)
Accounts Payable	15,477
Accrued Liabilities	9,255
Total Adjustments	<u>(279,030)</u>
Net Cash Provided by Operating Activities	<u>3,590,705</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Cash Proceeds of Investments	40,000
Purchase of Furniture and Equipment	(14,983)
Fair Market Value of Donated Assets	<u>(3,250,000)</u>
Net Cash Used by Investing Activities	<u>(3,224,983)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on Long-Term Debt	<u>(4,636)</u>
Net Cash Used by Financing Activities	<u>(4,636)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS	361,086
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>91,583</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 452,669</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the year for:	
Interest	<u>\$ 776</u>

The accompanying notes are an integral part of these financial statements.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATE**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2005****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****NATURE OF OPERATIONS**

Ouachita Economic Development Corporation (the Corporation) is a nonprofit organization, which was incorporated on April 26, 1989, as the Ouachita Enterprise Corporation, for the purpose of "promoting the Parish of Ouachita and further to promote and develop economic development in the Parish of Ouachita.

On June 18, 1997, the name of the Corporation was changed to Ouachita Economic Development Corporation to more accurately reflect the purpose of the non-profit organization.

On August 1, 2005, the Ouachita Economic Development Corporation formed a new corporation by the name of OEDC Land Corporation. The objective and purpose of this new corporation is to promote, assist and benefit the mission of the Ouachita Economic Development Corporation, and to act as a primary and ongoing funding source for it; by engaging in any lawful activities which a nonprofit corporation meeting the requirements of Section 501(C)(3) of the Internal Revenue Code of 1986.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Ouachita Economic Development Corporation and OEDC Land Corporation. Ouachita Economic Development Corporation has both an economic interest in OEDC Land Corporation and control of its governing board. All material interorganization transactions have been eliminated.

BASIS OF ACCOUNTING AND PRESENTATION

The consolidated financial statements of the Corporation have been prepared on the accrual basis of accounting. The significant accounting policies followed by the Corporation are described below to enhance the usefulness of the financial statements to the reader.

REVENUE RECOGNITION

Support from local governmental entities is paid throughout each entity's fiscal year. It is the Corporation's policy to recognize this support in the period declared. Support from local businesses is recognized in the period received.

FURNITURE AND EQUIPMENT

Furniture and equipment are stated at cost if purchased or estimated fair market value if donated. Expenditures for maintenance and repairs are charged to expense. Renewals and betterments that materially extend the life of the assets are capitalized. Depreciation is computed for financial statement purposes on the straight-line basis over the estimated useful lives of the related assets, which generally are either eight years for furniture and fixtures and five years for office equipment.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PERVASIVENESS OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

INCOME TAX STATUS

The Corporation is a non-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

ACCOUNTING PRONOUNCEMENTS

The Corporation adopted Statements of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made, and No. 117, Financial Statements of Not-For-Profit Organizations effective January 1, 1996. In accordance with SFAS 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted depending on the nature and/or existence of any donor-imposed restrictions. SFAS 116 requires that such contributions be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the related time restriction. Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

STATEMENT OF CASH FLOWS

For purposes of the Consolidated Statement of Cash Flows, the Corporation considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Agency transactions for flow-thru grants are included in the Consolidated Statement of Cash Flows.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 2 - CASH AND INVESTMENTS

The Corporation's cash and investments consist of funds on deposit with area financial institutions. The investment amounts at December 31, 2005, are \$48,757. These investments consist of certificates of deposits with interest rates of 2.868% for 2005. The carrying values of these investments approximate their market value.

NOTE 3 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consists of \$75,000 to be received from the Ouachita Parish Police Jury December 31, 2005, which is presented as "temporarily restricted asset".

NOTE 4 - OPERATING LEASES

The Corporation has a five-year operating lease with an effective date of June 1, 2002, for its office space. The monthly payment is \$1,768. Future minimum lease payments under this lease are \$21,602 in 2006, and \$12,915 in 2007.

NOTE 5 - NOTES PAYABLE

On June 10, 2003, the Corporation entered into a five-year loan with Ford Motor Credit Company in monthly installments of \$451. The loan is secured by 2003 Ford Crown Victoria. The principal balance outstanding at December 31, 2005, is \$12,257.

The Corporation's obligation under this note payable consist of the following:

5.25% note payable, due in monthly installments of \$451.00, including interest, through July 10, 2008, secured by a lien on a 2003 Ford Crown Victoria.	<u>\$12,257</u>
Total Notes Payable	<u>\$12,257</u>

The future scheduled maturities of long-term debt are as follows:

Years ending December 31:	
2006	\$ 4,885
2007	5,147
2008	<u>2,225</u>
	<u>\$ 12,257</u>

OUACHITA ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATE**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2005****NOTE 6 - CONCENTRATIONS OF CREDIT RISK**

Approximately 3% of the revenues recognized in 2005 were from the local governments, being the City of Monroe and the Ouachita Parish Police Jury. One hundred percent of the unconditional promises to give at December 31, 2005 were from the same funding sources. The Corporation does not require any collateral in support of promises to give.

NOTE 7 - EMPLOYEE PENSION PLAN

The Corporation provides a simplified employee pension plan for eligible employees. To participate in the plan, employees must be at least 21 years of age, employed one year and have received at least \$396 in compensation for services during the current year. The Corporation contributes 6% of participating employees' earnings. The Corporation contributed \$10,140 for the year ended December 31, 2005.

NOTE 8 - RISK OF LOSS

The Corporation is exposed to a variety of risks that may result in losses. These risks may include possible loss from acts of God, injury to employees, property damage, or breach of contract. The Corporation finances these potential losses through purchasing insurance. The level of coverage has remained constant. At this time, there are no known claims against the Corporation.

NOTE 9 - CONTINGENT LIABILITIES

Under the Corporation's personnel policies, all unused vacation and sick leave lapse as of December 31. Therefore, no accrual is necessary for compensated absences.

OTHER SUPPLEMENTARY INFORMATION

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31	
	2005	2004
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 41,479	\$ 91,583
Investments	48,757	88,757
Accounts Receivable	94,767	-
Accrued Interest Receivable	576	267
Prepaid Expenses	6,118	4,803
Total Current Assets	191,697	185,410
Temporarily Restricted Assets:		
Funding for Next Fiscal Year:		
Unconditional Promise to Give	166,667	91,667
Total Temporarily Restricted Assets	166,667	91,667
Fixed Assets:		
Office Furniture, Equipment, and Automobile	119,912	107,103
Less: Accumulated Depreciation	87,994	78,032
Assets Held for Future Sale	3,250,000	-
Net Fixed Assets	3,281,918	29,071
Other Assets:		
Due from OEDC Land Corporation	13,909	-
TOTAL ASSETS	\$ 3,654,191	\$ 306,148
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 2,539	\$ 1,778
Accrued liabilities	1,107	769
Notes Payable - Current	4,885	4,636
Total Current Liabilities	8,531	7,183
Long-Term Liabilities:		
Notes Payable - Long Term	7,372	12,257
Total Long-Term Liabilities	7,372	12,257
TOTAL LIABILITIES	15,903	19,440
NET ASSETS		
Unrestricted	3,471,621	195,041
Temporarily Restricted	166,667	91,667
Total Net Assets	3,638,288	286,708
TOTAL LIABILITIES AND NET ASSETS	\$ 3,654,191	\$ 306,148

The accompanying notes are an integral part of these financial statements.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES

	FOR THE YEAR ENDED DECEMBER 31	
	2005	2004
UNRESTRICTED NET ASSETS		
State Farm Insurance Company	\$ 3,450,000	\$ -
City of Monroe	33,333	83,333
Ouachita Parish Police Jury	75,000	75,000
State of Louisiana	77,198	65,125
Monroe/West Monroe Convention & Visitors Bureau	8,000	-
Private Funding	99,815	51,973
Rivertown Revenue	14,535	14,050
Renewal Community, Private & Other	3,150	3,600
Interest Income	936	1,794
Other Income	4,688	2,347
	<u>3,766,655</u>	<u>297,222</u>
NET ASSETS RELEASED FROM RESTRICTIONS		
Ouachita Parish Police Jury Funding	91,667	75,000
	<u>91,667</u>	<u>75,000</u>
Total Reclassifications	<u>91,667</u>	<u>75,000</u>
	<u>3,858,322</u>	<u>372,222</u>
EXPENSES		
Personnel Costs	275,032	278,498
Marketing and Communication	28,220	50,834
Research	720	6,399
Professional Development	95	1,338
Strategic Planning	275	7,218
Total Operating Expenses	<u>304,342</u>	<u>344,287</u>
Administrative Expenses	<u>277,400</u>	<u>76,800</u>
Total Expenses	<u>581,742</u>	<u>421,087</u>
Decrease in Unrestricted Net Assets	3,276,580	(48,865)
TEMPORARILY RESTRICTED NET ASSETS		
Ouachita Parish Police Jury Funding	150,000	75,000
City of Monroe Funding	16,667	16,667
Net Assets Released From Restrictions	(91,667)	(75,000)
Ouachita Parish Police Jury Funding/City of Monroe	<u>(91,667)</u>	<u>(75,000)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>75,000</u>	<u>16,667</u>
INCREASE (DECREASE) IN NET ASSETS	<u>3,351,580</u>	<u>(32,198)</u>
NET ASSETS - BEGINNING OF YEAR	<u>286,708</u>	<u>318,906</u>
NET ASSETS - END OF YEAR	<u>\$ 3,638,288</u>	<u>\$ 286,708</u>

The accompanying notes are an integral part of these financial statements.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
SCHEDULES OF OPERATING EXPENSES

	FOR THE YEAR ENDED DECEMBER 31	
	2005	2004
PERSONNEL COSTS		
Wages and Salaries	\$ 232,002	\$ 224,672
Temporary Office Help	2,916	4,309
Payroll Taxes	17,765	17,443
Retirement	10,140	10,643
Insurance	12,209	21,431
Total Personnel Costs	275,032	278,498
MARKETING AND COMMUNICATION		
Materials	537	97
Entertainment	-	1,278
Rivertown	13,438	13,847
Advertising	4,667	6,288
Travel and Lodging	3,466	8,278
Allied Operations	4,284	5,598
Professional Services	1,828	14,740
State Farm Building Expense	-	465
Miscellaneous	-	243
Total Marketing and Communication	28,220	50,834
RESEARCH		
Travel and Lodging	720	1,307
Ongoing Research	-	2,200
Publications	-	40
On-Line Charges	-	2,852
Total Research	720	6,399
PROFESSIONAL DEVELOPMENT		
OEC Conference	-	100
Travel and Lodging	95	800
Tuition and Fees	-	438
Total Professional Development	95	1,338
STRATEGIC PLANNING		
Meetings	275	6,329
Consultants	-	889
Total Strategic Planning	275	7,218
TOTAL OPERATING EXPENSES	\$ 304,342	\$ 344,287

The accompanying notes are an integral part of these financial statements.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
SCHEDULES OF ADMINISTRATIVE EXPENSES

	FOR THE YEAR ENDED DECEMBER 31	
	2005	2004
OFFICE EXPENSES		
Rent	\$ 20,833	\$ 19,911
Telephone	10,573	9,183
Bank Charges	10	199
Postage	1,149	1,958
Supplies	4,005	4,828
Dues and Subscriptions	1,265	1,547
Insurance - Office	4,730	3,717
Legal and Professional Fees	10,608	11,368
Total Office Expenses	53,173	52,711
 EQUIPMENT MAINTENANCE AND RENTAL	 2,135	 2,647
 TRAVEL		
Meetings	2,466	-
Insurance - Auto	1,489	1,828
Interest - Auto	776	1,072
Gas, Mileage and Maintenance	7,224	6,926
Total Travel	11,955	9,826
 OTHER EXPENSES		
Depreciation	9,962	11,229
Miscellaneous	-	362
Taxes and Licenses	175	25
OEDC Land Corporation	200,000	-
Total Other Expenses	210,137	11,616
 TOTAL ADMINISTRATIVE EXPENSES	 \$ 277,400	 \$ 76,800

The accompanying notes are an integral part of these financial statements.

OEDC LAND CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2005

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 411,190
Accounts Receivable	125,000
Prepaid Expenses	<u>17,514</u>
Total Current Assets	<u>553,704</u>

Fixed Assets:

Equipment	2,174
Less: Accumulated Depreciation	<u>181</u>
Net Fixed Assets	<u>1,993</u>

TOTAL ASSETS

\$ 555,697

LIABILITIES AND NET ASSETS

LIABILITIES

Current Liabilities:

Accounts payable	\$ 14,716
Accrued Liabilities	8,917
Due to Ouachita Economic Development Corporation	<u>13,909</u>
Total Current Liabilities	<u>37,542</u>

TOTAL LIABILITIES

37,542

NET ASSETS

Unrestricted	<u>518,155</u>
Total Net Assets	<u>518,155</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 555,697

The accompanying notes are an integral part of these financial statements.

OEDC LAND CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

UNRESTRICTED NET ASSETS	
Rent - American Red Cross	\$ 308,000
Ouachita Economic Development Corporation	200,000
Damages Received from American Red Cross	<u>225,000</u>
Total Unrestricted Support and Revenue	<u>733,000</u>
EXPENSES	
Personnel Costs	<u>66,487</u>
Total Operating Expenses	66,487
Administrative Expenses	<u>148,358</u>
Total Expenses	<u>214,845</u>
INCREASE (DECREASE) IN NET ASSETS	518,155
NET ASSETS - BEGINNING OF YEAR	<u>-</u>
NET ASSETS - END OF YEAR	<u>\$ 518,155</u>

The accompanying notes are an integral part of these financial statements.

OEDC LAND CORPORATION
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2005

PERSONNEL COSTS

Wages and Salaries

\$ 60,303

Payroll Taxes

6,184

Total Personnel Costs

66,487

TOTAL OPERATING EXPENSES

\$ 66,487

The accompanying notes are an integral part of these financial statements.

OEDC LAND CORPORATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2005

OFFICE EXPENSES

Telephone	\$ 109
Bank Charges	57
Utilities	46,223
Supplies	4,871
Security	34,614
Insurance - Office	6,843
Legal and Professional Fees	13,334
Total Office Expenses	<u>106,051</u>

BUILDING & EQUIPMENT MAINTENANCE40,245**OTHER EXPENSES**

Depreciation	181
Miscellaneous	1,868
Taxes and Licenses	13
Total Other Expenses	<u>2,062</u>

TOTAL ADMINISTRATIVE EXPENSES\$ 148,358

The accompanying notes are an integral part of these financial statements.

OTHER INDEPENDENT AUDITORS' REPORT

MARTIN, HARRISON & SMALLWOOD, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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**Independent Auditors' Report on Compliance
and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements
Performed in Accordance with
Government Auditing Standards**

June 26, 2006

The Board of Directors
Ouachita Economic Development Corporation

We have audited the consolidated financial statements of Ouachita Economic Development Corporation and affiliate as of and for the year ended December 31, 2005, and have issued our report thereon dated June 26, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the Louisiana Governmental Audit Guide, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

Compliance

As part of obtaining reasonable assurance about whether Ouachita Economic Development Corporation's consolidated financial statements are free of material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ouachita Economic Development Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide assurance on the internal control over financial reporting.

The Board of Directors
Ouachita Economic Development Corporation
June 26, 2006
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Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Ouachita Economic Development Corporation in a separate letter dated June 26, 2006.

This report is intended solely for the information and use of the board of directors, management, and the agencies granting funds to the Corporation, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Martin, Harrison & Smallwood, LLP

MARTIN, HARRISON & SMALLWOOD, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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June 26, 2006

Board of Directors
Ouachita Economic Development Corporation
Monroe, Louisiana

We have audited the consolidated financial statements of the Ouachita Economic Development Corporation as of and for the year ended December 31, 2005, and have issued our report thereon dated June 26, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As part of our examination, we have issued our report on the consolidated financial statements, dated June 26, 2006, and our report on internal control and compliance with laws, regulations, and contracts, dated June 26, 2006.

During the course of our examination, we became aware of the following matter, which represent suggestion for improved internal controls.

FINDING # 1

Our review of expenses revealed that detailed documentation was not always present on paid receipts.

RECOMMENDATION

All expenses should have detailed documentation attached.

We are available to further explain the above findings and to help implement the recommendations. Please feel free to contact us at any time if we may be of any assistance. We appreciate the cooperation and courtesy extended to us during the course of the audit.

Respectfully,
MARTIN, HARRISON & SMALLWOOD, L.L.P.



Mike M. Martin
Certified Public Accountant